1. A person of only moderate income impulsively spends $1,000 on a new suit. How is the basis of this behavior ***best described***?

A. Incentives C. Immediate Gratification

B. Need rather than want D. Total Costs

2. You have just landed your first job, making $22,000 a year. Which choice ***most specifically*** names the kind of pay you get?

A. Your pay is your wages

B. Your pay is your salary

C. Your pay is the cost to your employer

D. Your pay is a limited resource

3. Which of the following makes someone an entrepreneur?

A. earning a lot of money as a computer programmer

B. becoming a highly paid actress

C. running a service that hires people to install sprinkler systems in lawns

D. selling the rights to manufacture a computer game

4. What is the opportunity cost of a decision?

A. the series of alternative decisions that could have been made

B. the best possible way the question could have been decided

C. the different ways that a different person might have made the decision

D. the most desirable alternative given up for the decision

5. Because we do not have enough resources to provide everything we need, this has caused the number one problem in our society called?

A. Immediate Gratification C. Scarcity

B. Productivity D. Efficiency

6. Which of the following is one of the basic economic questions societies must ask?

A. What to produce?

B. What to consume?

C. When to consume?

D. How to behave?

**TRUE/FALSE**

7. Consumers and Producers do NOT work together in the circular flow of economic activity.

8. Limited resources have a huge effect on how much is produced and how much is consumed.

9. Using the four factors of production leads to increased productivity.

10. If the costs outweigh the benefits of farming additional acres, a farmer is better off only farming what he already has farmed.